

1947
NEW ZEALAND

LAND AND INCOME TAX DEPARTMENT

REPORT OF THE COMMISSIONER OF TAXES UPON THE ADMINISTRATION OF PART
IV OF THE SOCIAL SECURITY ACT, 1938, FOR THE TWELVE MONTHS ENDED
31st MARCH, 1947

*Presented to both Houses of the General Assembly pursuant to the provisions of the Social
Security Act, 1938*

REPORT

I HAVE the honour to present herewith a report upon operations carried out by the Land and Income Tax Department during the financial year ended 31st March, 1947, in the administration of the provisions of Part IV of the Social Security Act, 1938, relating to the assessment, collection, and recovery of the social security contribution, consisting of a charge of 1s. 6d. in the pound on salaries and wages and also on other income. The rate of charge applicable to salaries and wages earned up to 12th May, 1946, was 1s. in the pound, and thereafter 1s. 6d. in the pound.

A registration fee which formerly comprised part of the Social Security contribution was abolished on 1st April, 1946, the last instalment of registration fee being that which was due for payment on 1st February, 1946.

All income was subject to a further charge for national security tax imposed by Part II of the Finance Act (No. 2), 1942, but figures relating to collections under that Act are not included in this report.

During the year a change in the system of payment of the charge on salaries and wages was introduced, the effect of which, briefly, is that an employer deducting the charge from salaries and wages is now required to account for such charge by payment in cash or by cheque, where the amount is £2 or over. For payments of charge under £2, social security stamps may still be used.

There was a further important change in the law contained in section 12 of the Finance Act (No. 2), 1946, which makes provision that penal charge, equal to treble the amount of deficient charge, may be imposed by the Commissioner of Taxes in cases where an employer fails to deduct, or having deducted fails to account for, the charge on salaries and wages. The names of employers in respect of whom penal charge has been imposed will be published as tax-evaders.

The work of decentralizing the Department, including the sections dealing with the collection of the combined security charges, was continued throughout the year, and at 31st March, 1947, branch offices had been fully established at Whangarei, Auckland, New Plymouth, Wanganui, Palmerston North, Nelson, Greymouth, Christchurch, Dunedin, and Invercargill.

The Post and Telegraph Department continued its valuable assistance as agent in the collection of the social security charge and national security tax.